

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 /126 W  
-----056892 090018Z /21

R 071414Z APR 78  
FM AMEMBASSY WARSAW  
TO SECSTATE WASHDC 4369  
USDOC WASHDC  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
AMEMBASSY BRUSSELS  
AMEMBASSY BUDAPEST  
AMEMBASSY MOSCOW  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMCONSUL KRAKOW POUCH  
AMCONSUL POZNAN POUCH  
USMISSION GENEVA

C O N F I D E N T I A L WARSAW 2902

DEPT PASS TREASURY  
GENEVA FOR GATT DEL  
USEEC

EO 11652: GDS  
TAGS: ETRD EFIN EIND COMECOM PL US SP  
SUBJ: VISIT OF TREASURY DAS EHRENHAFT TO WARSAW AND US ANTI-DUMPING  
REGULATIONS VERSUS POLISH GOLF CARTS

1. SUMMARY: DURING A QUICK TWENTY-THREE HOUR VISIT TO  
WARSAW, DEPUTY ASSISTANT SECRETARY OF TREASURY EHRENHAFT  
DISCUSSED POLISH GOLF CART PROBLEM WITH TOP OFFICIALS  
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OF PEZETEL FIRM AND POLISH MINISTRIES OF FOREIGN TRADE  
AND MACHINE INDUSTRY AFTERNOON AND EVENING OF APRIL 6.  
ON APRIL 7 HE FLEW TO  
PEZETEL PLANT NEAR MIELEC FOR FOUR-HOUR INSPECTION OF  
FACTORY AND DISCUSSION OF COSTING STUDY FOR GOLF CART  
PRODUCTION.

2. FOLLOWING MEETINGS AT THE FOREIGN TRADE MINISTRY ON THE AFTERNOON OF APRIL 6, EHRENHAFT NOTED WHAT HE DESCRIBED AS INDICATED ENTHUSIASM ON PART OF POLES -- IN PARTICULAR, VICE MINISTER OF FOREIGN TRADE STRZELECKI AND PEZETEL OFFICIALS -- THAT THE PROPOSED ANTI-DUMPING REGULATIONS ON VALUING MERCHANDISE FROM NON-MARKET ECONOMIES WILL EQUITABLY ESTABLISH A "FAIR VALUE" FOR THEIR GOLF CART PRODUCTION SO AS TO PERMIT CONTINUED EXPORTS TO THE UNITED STATES. HE ALSO FELT THAT, REGRETTABLY, THE POLES ARE NOT FULLY AWARE OF THE LIMITED FLEXIBILITY TREASURY HAS TO APPLY THE NEW STANDARD RETROACTIVELY TO PRIOR EXPORTS, ALTHOUGH HE HAD CAREFULLY OUTLINED THE PROVISIONS OF THE 1921 LAW AND REGULATIONS, SUGGESTING A POSSIBLE NEED TO APPLY U.S. PRICES TO 1976-77 ENTRIES.

3. IN THE COURSE OF HIS TALKS, EHRENHAFT REPEATEDLY STRESSED HOW IMPORTANT IT WAS FOR THE GOP TO KEEP THE GOLF CART CASE IN PERSPECTIVE, I.E. TO VIEW THE PROSPECTS FOR LONG-RANGE POLISH-U.S. TRADE AND NOT TO ALLOW IRRITATION OVER ANTI-DUMPING DUTIES FOR POLISH EXPORTS OF THE LAST FEW YEARS TO UNDERMINE PROSPECTS FOR A FUTURE ARRANGEMENT WHICH WOULD BE EQUITABLE.

4. THE VISIT TO THE FACTORY, AT WHICH RECORDS WERE MADE AVAILABLE FOR INSPECTION, WAS VIEWED BY THE POLISH SIDE  
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AS A VERY IMPORTANT CONCESSION THAT WILL DEMONSTRATE THEIR DESIRE TO "PLAY BY THE RULES," AND GENERALLY EXPAND TRADE WITH THE WEST. THEY URGED EHRENHAFT TO RECOUNT THIS EXPERIENCE TO THE HUNGARIANS AS A FURTHER MOVE TO NORMALIZE EAST-WEST TRADE.

5. THE POLES HAVE PREPARED AND WILL TRANSMIT SHORTLY AN EXTENSIVE, DETAILED STUDY OF WHAT IT COSTS TO PROCURE MELEXCARTS IN SPAIN (SHOWN PREVIOUSLY TO EHRENHAFT IN GENEVA), TOGETHER WITH SUPPORTING DATA AND A SEPARATE STUDY DEMONSTRATING BY A VARIETY OF CRITERIA THAT SPAIN'S ECONOMIC DEVELOPMENT IS COMPARABLE TO POLAND'S. AFTER SUBMISSION OF THESE STUDIES, THEY EXPECT A VISIT OF A U.S. CUSTOMS VERIFICATION TEAM TO POLAND AND ALSO TO SPANISH CONSULTANTS IN SPAIN TO CHECK THEIR CALCULATIONS -- WHICH ESTABLISH THE COST OF PRODUCTION, INCLUDING AND EIGHT PERCENT PROFIT, OF LESS THAN 700 DOLLARS PER UNIT AS OF DECEMBER 31, 1977.

6. THE PROPOSED REGULATION IS ALSO SEEN BY THE POLES AS A HELPFUL DEVICE BY WHICH TO ASCERTAIN "FAIR VALUE" BEFORE NEW INDUSTRIAL PRODUCTS, SUCH AS AIRCRAFT ENGINES

NOW BEING INVESTIGATED, ARE SHIPPED TO THE UNITED STATES.

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Comment:** 25 YEAR REVIEW  
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